

Message Text

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 8792

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EO 11652 NA

TAGS: UN ECOSOC EGEN VE

SUBJ: US-VENEZUELAN CONSULTATIONS ON NORTH-SOUTH

ISSUES IN CONNECTION WITH AMBASSADOR YOUNG'S VISIT

USUN REPEAT TO AMBASSADOR WELLS.

SUMMARY: US-VENEZUELAN CONSULTATIONS IN CONNECTION WITH
VISIT OF AMBASSADOR YOUNG TO CARACAS REVEALED

THAT VENEZUELAN FOUND MIXED VIEWS AMONG DEVELOPING
COUNTRIES ABOUT A SPECIAL ECONOMIC COMMITTEE OF

THE UN GENERAL ASSEMBLY COMPOSED OF 30 TO 35 COUNTRIES

TO PROVIDE A CONTINUATION AND OVERVIEW OF THE NORTH-

SOUTH DIALOGUE. VENEZUELAN SEEMED DISINCLINED TO

PUSH THE IDEA AT THIS STAGE. THEY AGREED WITH US

THAT THE QUESTIONS OF AN OVERVIEW MECHANISM AND OF

FOLLOW-UP ON INDIVIDUAL CIEC ISSUES SHOULD NOT BE

RESOLVED AT THE RESUMED 31ST UNGA SEPT 13-16.

DISCUSSION OF CIEC FOLLOW-UP SHOULD BE PLACED ON

AGENDA OF COMMITTEE TWO OF 32ND GENERAL ASSEMBLY ON

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SPECIFIC DATES WHICH MAY BE AGREED AT RESUMED 31ST

SESSION. RESUMED SESSION SHOULD PROVIDE AN ASSESSMENT

OF CIEC AND AFFIRM THAT THE NORTH-SOUTH DIALOGUE

SHOULD BE CONTINUED LARGELY IN THE UN CONTEXT.

IN DISCUSSIONS ABOUT VENEZUELAN APPEAL FOR US

SUPPORT OF ANDEAN REGIONAL INTEGRATION EFFORTS, US

SUGGESTED WE MIGHT FOCUS UNCTAD MINISTERIAL MEETING

NEXT JANUARY ON STRENGTHENING REGIONAL ECONOMIC COOPERATION. VENEZUELAN STRONGLY SUPPORTED THIS SUGGESTION, BUT CAUTIONED THAT THE UNCTAD MINISTERIAL SHOULD ALSO FOCUS ON DEBT PROBLEMS OF DEVELOPING COUNTRIES. COMMENTS OF SOME VENEZUELAN OFFICIALS INDICATED THAT OPEC MAY BE THINKING OF AN OIL PRICE INCREASE IN DECEMBER, WHICH THEY MAY JUSTIFY IN PART BY THE EROSION OF THE VALUE OF THE US DOLLAR. END SUMMARY.

1. ON THE MORNING OF AUG 12, PRIOR TO AMBASSADOR ANDREW YOUNG'S ARRIVAL IN CARACAS, VENEZUELAN MINISTER OF STATE MANUEL PEREZ GUERRERO AND US DEPUTY ASSISTANT SECRETARY CHARLES FRANK (IO) DISCUSSED CIEC FOLLOW-UP AND RELATED NORTH-SOUTH ISSUES. THESE DISCUSSIONS WERE FOLLOWED BY CONSULTATIONS BETWEEN AMBASSADOR YOUNG AND PRESIDENT CARLOS ANDRES PEREZ IN AN AFTERNOON MEETING THE SAME DAY, AND IN A WORKING BREAKFAST NEXT MORNING WHICH COVERED NORTH-SOUTH AS WELL AS OTHER ISSUES. DISCUSSION OF OTHER ISSUES BEING REPORTED IN SEPTELS.

2. MORNING DISCUSSIONS ON AUG 12 BEGAN WITH JULIO GIL AND TER HORST OF STAFF OF MINISTER PEREZ GUERRERO. THE MINISTER JOINED THE MEETING AT ABOUT MID-POINT. DEPUTY ASSISTANT SECRETARY FRANK WAS ACCOMPANIED BY EMBASSY OFFICIAL ROBERT MORLEY. TOPICS AT MORNING LIMITED OFFICIAL USE

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SESSION INCLUDED CIEC FOLLOW-UP, THE COMMON FUND AND THE NEW INTERNATIONAL ECONOMIC ORDER.

3. FRANK SUGGESTED THAT THE RESUMED 31ST SESSION OF THE UN GENERAL ASSEMBLY, SEP 13-16, WAS TOO BRIEF TO ACCOMPLISH AGREEMENT ON ALL THE CIEC FOLLOW-UP ISSUES. THE RESUMED SESSION MIGHT PRODUCE A RESOLUTION THAT HAD TWO BASIC PARTS -- A BALANCED ASSESSMENT OF CIEC AND AN AGREEMENT THAT THE CIE ISSUES WOULD BE FOLLOWED UP LARGELY WITHIN THE UN CONTEXT. WE PROBABLY SHOULD NOT ATTEMPT AT THE RESUMED SESSION TO REACH AGREEMENT ON FOLLOW-UP PROCEDURES FOR EACH OF THE INDIVIDUAL CIEC ISSUES OR ON ANY OVERVIEW MECHANISM FOR THE NORTH-SOUTH DIALOGUES. THESE ISSUES MIGHT BETTER BE REFERRED TO THE 32ND SESSION OF THE UN GENERAL ASSEMBLY. AT THE RESUMED SESSION, WE MIGHT ALSO DECIDE ON SOME SPECIFIC DATES FOR DISCUSSIONS OF CIEC FOLLOW UP IN COMMITTEE TWO OF THE 32ND UNGA.

4. MINISTER PEREZ-GUERRERO AND HIS STAFF SUPPORTED THIS BASIC APPROACH, AND THE MINISTER ENDORSED STRONGLY

THE IDEA OF SETTING SOME DATES FOR DISCUSSIONS IN
COMMITTEE TWO. THE MINISTER REPORTED ON SOME SOUNDINGS
HE HAD MADE AMONG DEVELOPING COUNTRIES ON THE QUESTION
ON FAN OVERVIEW MECHANISM, IN PARTICULAR THE IDEA
DISCUSSED BETWEEN PRESIDENT CARTER AND PRESIDENT
PEREZ OF A SPECIAL ECONOMIC COMMITTEE OF THE UN
GENERAL ASSEMBLY COMPOSED OF 30 TO 35 MEMBERS. THE
VENEZUELAN HAD SUGGESTED THE NUMBER 35 BASED ON THE
ASSUMPTION THAT THE EUROPEAN COMMUNITY WOULD NOT WISH
TO BE REPRESENTED AS A SINGLE ENTITY, AND THAT THREE
EASTERN EUROPEAN COUNTRIES PLUS CHINA WOULD BE RE-
PRESENTED. THUS THE G-8 MIGHT BE EXPANDED TO 12
INDUSTRIALIZED COUNTRIES TO ACCOMMODATE 5 COUNTRIES
FROM THE EUROPEAN COMMUNITY. COMBINED WITH 19 DEVELOP-
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ING COUNTRIES AND 4 CENTRALLY PLANNED ECONOMIES, THE
TOTAL IS 35. IF THE EC WERE REPRESENTED AS A SINGLE
ENTITY, THEN THE NUMBER WOULD BE 31. ON SOME
SOUNDINGS HE HAD TAKEN RECENTLY IN GENEVA, HOWEVER,
IT SEEMED AS THOUGH THE IDEA WAS NOT VERY POPULAR
AMONG THE DEVELOPING COUNTRIES. THE G-19 WOULD SUPPORT
THE CONCEPT, BUT IN ORDER TO ATTRACT THE REST OF THE
G-77, IT WOULD BE NECESSARY TO REPLACE SOME OF THE

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 8793

INFO USEC BRUSSELS PRIORITY 185

USUN NY PRIORITY 1134

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G-19 WITH OTHER COUNTRIES. IT WAS DIFFICULT, HOWEVER, TO THINK WHICH COUNTRIES AMONG THE G-19 COULD BE REPLACED. THUS THE VENEZUELAN SUGGESTED THAT WE BE FLEXIBLE AND NOT RULE OUT OTHER POSSIBILITIES FOR AN OVERVIEW MECHANISM. THEY DID FEEL, HOWEVER, THAT SOME SORT OF OVERVIEW MECHANISM WAS DESIRABLE TO LINK THE NORTH-SOUTH ISSUES. THEY ALSO EMPHASIZED THE NEED TO PUT SOME TIME LIMITS ON THE NEXT STAGE OF THE NORTH-SOUTH DIALOGUE IN ORDER TO EMPHASIZE THE NEED TO ACHIEVE QUICK RESULTS BECAUSE OF THE URGENCY OF THE PROBLEMS WITH WHICH WE WERE FACED. THEY THOUGHT THAT IF IT WERE NOT POSSIBLE TO HAVE A FORMAL RESTRICTED BODY, IT WOULD BE DESIRABLE TO HAVE INFORMAL CONTACT GROUPS IN THE UN CONTEXT.

5. FRANK RESPONDED THAT WE CLEARLY PREFERRED THE VENEZUELAN IDEA COMPARED WITH SOME OF THE IDEAS FOR AN OVERVIEW MECHANISM BEING DISCUSSED AMONG OTHER DEVELOPING COUNTRIES. WE ALSO FELT, HOWEVER, THE NEED TO BE FLEXIBLE. IF A SPECIAL ECONOMIC COMMITTEE

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WAS NOT ACHIEVABLE, THEN PERHAPS WE OUGHT TO TAKE A CLOSER LOOK AT SOME IDEAS TO USE ECOSOC IN A MORE ACTIVE MANNER IN THE NORTH-SOUTH DIALOGUE. FRANK SAID THAT WE DID NOT LIKE THE IDEA THAT AN OVERVIEW MECHANISM WOULD LINK THE VARIOUS NORTH-SOUTH ISSUES. WE DO NOT BELIEVE THAT PROGRESS IN ONE AREA OF THE DIALOGUE SHOULD BE LINKED TO PROGRESS IN ANOTHER AREA. WE DID RECOGNIZE, HOWEVER, THAT CONSTRUCTIVE DISCUSSIONS OF PROBLEMS OF DEVELOPMENT REQUIRED A CONSIDERATION OF THE FULL RANGE OF POLICY ISSUES -- TRADE, INVESTMENT, RESOURCE TRANSFERS, TECHNOLOGY, ETC. WE ARE ALSO POSED TO SETTING UP RIGID AND ARTIFICIAL TIME DEADLINES FOR RESULTS IN THE NORTH-SOUTH DIALOGUE. TIMING OUGHT TO DERIVE FROM SERIOUS CONSIDERATION OF THE SUBSTANTIVE ISSUES; IN SOME AREAS PROGRESS MIGHT BE POSSIBLE QUICKLY WHILE IN OTHERS THERE MAY BE WIDE DIFFERENCES OF VIEW OR DOMESTIC POLITICAL REALITIES WHICH REQUIRE A SLOWER PACE FOR CONSTRUCTIVE RESULTS TO EMERGE. WE RECOGNIZE, HOWEVER, THAT THE FINISHING OF PREPARATIONS FOR THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE NEXT DEVELOPMENT DECADE PROVIDED A KIND OF NATURAL TIME FOR TAKING STOCK OF RESULTS SINCE CIEC AND SETTING NEW GOALS FOR FURTHER PROGRESS IN THE DIALOGUE.

6. PEREZ GUERRERO SAID THAT RATHER THAN USE THE WORD "LINK", WE MIGHT BETTER SAY THAT THE VARIOUS NORTH-SOUTH ISSUES ARE INTERDEPENDENT. JUST AS COUNTRIES ARE ECONOMICALLY INTERDEPENDENT, GLOBAL ECONOMIC ISSUES ARE INTERDEPENDENT. HE WAS NOT ENTHUSIASTIC ABOUT THE IDEA OF USING ECOSOC AS AN INTEGRAL PART OF THE NORTH-SOUTH DIALOGUE. ECOSOC HAS HAD SUCH A SORRY HISTORY THAT IT MIGHT BE DIFFICULT TO CHANGE LIMITED OFFICIAL USE

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ATTITUDES TOWARD IT. HE ASKED WHAT WE THOUGHT ABOUT IDEAS TO USE THE SECOND COMMITTEE OR THE GENERAL ASSEMBLY IN AN OVERVIEW CAPACITY.

7. FRANK RESPONDED THAT WE ALSO HAVE SERIOUS DOUBTS ABOUT THE EFFECTIVENESS OF ECOSOC. PERHAPS ECOSOC WAS A BODY IN SEARCH OF A MISSION AND IF WE GAVE IT A SERIOUS MISSION TO UNDERTAKE IT MIGHT REVIVE ITSELF AS AN INSTITUTION. COMMITTEE TWO AND THE GENERAL ASSEMBLY ARE TOO LARGE FOR EFFECTIVE DISCUSSION OF SUBSTANTIVE ISSUES. ECOSOC, HOWEVER, REPORTS TO COMMITTEE AND INITIAL AGREEMENTS ON ISSUES DISCUSSED IN ECOSOC COULD BE REFERRED TO COMMITTEE TWO AND THE GENERAL ASSEMBLY FOR FINAL ADOPTION. THERE IS NOT EFFECTIVE DISTINCTION BETWEEN COMMITTEE TWO AND THE GENERAL ASSEMBLY. RESOLUTIONS AGREED IN COMMITTEE TWO ARE ADOPTED PRO-FORMA BY THE GENERAL ASSEMBLY IN ORDER TO USE EITHER ECOSOC OR COMMITTEE TWO EFFECTIVELY, THEIR AGENDAS HAVE TO BE REFORMED. THEIR AGENDAS CURRENTLY ARE CLUTTERED BY AN INCREDIBLE RANGE OF ISSUES FROM THE VERY TRIVIAL TO THE PROFOUND. SERIOUS SUBSTANTIVE DISCUSSIONS OF ECONOMIC POLICY ISSUES SHOULD BE CONCENTRATED OVER A FEW DAYS AND DEFINITE DATES SET FOR THESE DISCUSSIONS AT ECOSOC SUMMER SESSION IN GENEVA AND DURING UN GENERAL ASSEMBLY SESSION IN NEW YORK DURING THE FALL. IN THIS WAY WE MAY BE ABLE TO ATTRACT IMPORTANT ECONOMIC POLICY MAKERS FROM CAPITALS TO PARTICIPATE IN THE DISCUSSIONS.

8. WE AND THE VENEZUELANES AGREED THAT THE ISSUE OF AN OVERVIEW MECHANISM SHOULD NOT BE RESOLVED AT THE RESUMED 31ST SESSION OF THE UNGA. RATHER, THIS ISSUE AND THE QUESTION OF FOLLOW-UP ON THE INDIVIDUAL CIEC ISSUES SHOULD BE LEFT TO RESOLUTION IN COMMITTEE TWO DURING A SPECIFIC TIME PERIOD, PERHAPS IN OCTOBER, LIMITED OFFICIAL USE

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AFTER THE G-77 MINISTERIAL ON SEP 28 OR 29 AND
AFTER THE MAJOR SPEECHES IN THE UN GENERAL DEBATE.

9. PEREZ GUERRERO SAID THAT THE NOVEMBER NEGOTIATIONS
ON THE COMMON FUND ARE IMPORTANT TO THE SUCCESS OF
THE GENERAL ASSEMBLY. AN AGREEMENT ON THE COMMON
FUND WOULD GIVE A BIG PSYCHOLOGICAL BOOST TO THE
DIALOGUE.

10. FRANK REPLIED THAT THE COMMON FUND DISCUSSIONS
SEEMED PAST THE POLITICAL PHASE AND INTO A MORE TECH-
NICAL PHASE. THE TECHNICAL ISSUES WERE EXCEEDINGLY
COMPLEX AND IT WOULD BE VERY DIFFICULT TO REACH AN
AGREEMENT IN NOVEMBER. THERE WERE STILL MANY DIFFER-
ENCES AMONG BOTH THE DEVELOPED COUNTRIES AND THE
DEVELOPING COUNTRIES AND PROBABLY THE BEST TO BE
EXPECTED IN NOVEMBER WOULD BE A NARROWING OF THE

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FM AMEMBASSY CARACAS
TO SECSTATE WASHDC PRIORITY 8794
INFO USEC BRUSSELS PRIORITY 186
USUN NY PRIORITY 1135
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DIFFERENCES BETWEEN THE TWO GROUPS AND WITHIN THE
GROUPS. GIVEN THE TECHNICAL COMPLEXITY OF THE COMMON
FUND ISSUE, IT WILL REQUIRE CONSIDERABLE DISCUSSION
AND EDUCATION WITH THE US CONGRESS IF WE ARE TO
OBTAIN AN AGREEMENT WHICH THE CONGRESS WILL ACCEPT.

11. PEREZ GUERRERO BRIDLED AT THE SUGGESTION THAT WE COULD NOT REACH FULL AGREEMENT ON A COMMON FUND IN NOVEMBER, BUT SEEMED TO TAKE THE POINT THAT IT WOULD NOT BE POSSIBLE.

12. PEREZ GUERRERO SAID THE DEVELOPING COUNTRIES WELCOMED THE ECOSOC SPEECH OF ANDREW YOUNG IN WHICH THE US ACCEPTED THE IDEA OF THE NEW INTERNATIONAL ECONOMIC ORDER. PEREZ GUERRERO SAID THAT WE HAD TO BUILD THE NEW ORDER TOGETHER, THAT THE NIEO WAS NOT A PREFABRICATED CONCEPT, BUT HAD TO BE BUILT FROM THE FOUNDATION UP WITHOUT A FIXED BLUEPRINT.

13. FRANK SAID THAT WE WELCOMED THE GROWING TENDENCY LIMITED OFFICIAL USE

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AMONG DEVELOPING COUNTRIES TO VIEW THE NEW INTERNATIONAL ECONOMIC ORDER AS AN EVOLVING CONCEPT; THE CONCEPT SHOULD NOT BE CAST IN CONCRETE.

14. THE QUESTION OF CIEC FOLLOW-UP WAS RAISED BY PRESIDENT PEREZ AT THE AFTERNOON SESSION WITH AMBASSADOR YOUNG. PRESIDENT PEREZ ASKED MINISTER PEREZ GUERRERO TO SUMMARIZE WHERE THE ISSUE STOOD. THE MINISTER COVERED MUCH OF THE SAME GROUND AS IN THE MORNING DISCUSSION. AMBASSADOR YOUNG SAID THAT WE SUPPORTED THE IDEA OF A SPECIAL ECONOMIC COMMITTEE, BUT WE WERE FLEXIBLE ON THE EXACT FORM WHICH THE CONTINUATION OF THE NORTH-SOUTH DIALOGUE SHOULD TAKE. HE PERSONALLY FAVORED, HOWEVER, THE IDEA THAT MINISTERS WOULD MEET FROM TIME TO TIME TO DISCUSS NORTH-SOUTH ISSUES.

15. AMBASSADOR YOUNG ASKED HOW OFTEN THE VENEZUELAN THOUGHT THE SPECIAL ECONOMIC COMMITTEE WOULD MEET. MINISTER PEREZ GUERRERO THOUGHT THAT THE COMMITTEE MIGHT FUNCTION SOMEWHAT LIKE THE SECURITY COUNCIL AND BE THEORETICALLY IN CONTINUOUS SESSION. IT WOULD ACTUALLY MEET WHENEVER THERE WAS A SPECIFIC ISSUE OR PROBLEM TO BE DISCUSSED.

16. DURING MORNING SESSION AUG 12 AND IN SUBSEQUENT DISCUSSIONS WITH FRANK, PEREZ GUERRERO EXPRESSED STRONG DISAPPOINTMENT THAT UNDER SECRETARY RICHARD COOPER WAS NOT LIKELY TO ATTEND THE RESUMED 31ST UNGA. FRANK SAID THAT COOPER WOULD PROBABLY BE TIED UP IN SOUTHEAST ASIA ON A PRESIDENTIAL MISSION, BUT THAT PERHAPS PEREZ GUERRERO MIGHT MEET WITH COOPER IN WASHINGTON THE WEEK AFTER THE RESUMED SESSION. LIMITED OFFICIAL USE

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FRANK ALSO SAID THAT IT MIGHT BE POSSIBLE FOR MR COOPER TO ATTEND SOME OF THE COMMITTEE TWO DELIBERATIONS LATER IN THE FALL, BUT IT WOULD DEPEND ON SCHEDULING.

17. DURING THREE HOUR WORKING BREAKFAST ON AUG 13 WITH PRESIDENT PEREZ AND AMBASSADOR YOUNG, VENEZUELAN RAISED QUESTION OF US SUPPORT FOR ANDEAN COMMON MARKET. THEY SAID THAT THEY HAD NOT BEEN CERTAIN OF US SUPPORT FOR REGIONAL INTEGRATION EFFORTS.

18. AMBASSADOR YOUNG SAID THAT THIS US ADMINISTRATION SUPPORTED REGIONAL ECONOMIC INTEGRATION EFFORTS AND ASKED ABOUT RELATIONSHIP OF ANDEAN MARKET TO THE CARIBBEAN COMMON MARKET. DIRECTOR OF VENEZUELAN INSTITUTE OF TRADE, FIGUERERO, RESPONDED THAT IN LATIN AMERICA AND THE CARIBBEAN INTEGRATION WAS TAKING PLACE ON A REGIONAL BASIS, BUT THE CENTRAL AMERICAN COMMON MARKET HAD BEEN SET BACK BY THE HONDURAS-EL SALVADOR WAR AND THE ANDEAN GROUP BY THE WITHDRAWAL OF CHILE. IF THESE REGIONAL INTEGRATION EFFECTS COULD BE STRENGTHENED, THEN THE THREE GROUPINGS -- THE ANDEAN PACT, THE CENTRAL AMERICAN COMMON MARKET AND THE CARIBBEAN COMMON MARKET COULD FORM THE BASIS OF A LATIN AMERICAN INTEGRATION EFFORT. MEXICO, BRAZIL AND ARGENTINA WOULD BE MORE ATTRACTED TO LATIN INTEGRATION IF THE ALTERNATIVE WAS TO COMPETE WITH THE THREE STRONG REGIONAL ECONOMIC GROUPINGS.

19. FRANK SUGGESTED WE MIGHT USE THE UNCTAD MINISTERIAL MEETING NEXT JANUARY TO STRENGTHEN REGIONAL INTEGRATION EFFORTS. US HAD AN INTEREST IN STRENGTHENING REGIONAL COOPERATION IN THE CARIBBEAN AND IN THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS

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(ASEAN) AS WELL, AND THE MINISTERIAL SESSION OF THE UNCTAD TRADE AND DEVELOPMENT BOARD PRESENTED AN OPPORTUNITY TO PROVIDE SUPPORT FOR ALL OF THESE REGIONAL EFFORTS.

20. PRESIDENT PEREZ THOUGHT THAT THIS WAS AN EXCELLENT IDEA. HE SAID IT WOULD BE ESPECIALLY HELPFUL IF THE US COULD MAKE A MAJOR STATEMENT AT THIS

MEETING SPELLING OUT ITS POLICY TOWARD REGIONAL INTEGRATION. HE ASKED US TO WORK WITH MINISTER PEREZ GUERRERO TO ELABORATE THIS IDAE.

21. IN SUBSEQUENT DISCUSSIONS DURING TAND AFTER BREAKFAST WITH DEPUTY ASSISTANT SECRETARY FRANK, MINISTER PEREZ GUERRERO EXPRESSED CONCERN THAT THE UNCTAD MINISTERIAL QAS SUPPOSED TO FOCUS ON THE DEBT ISSUE. FRANK RESPONDED THAT THE MINISTERIAL WOULD CERTAINLY HAVE TO TRAT QUESTION OF DEBT BUT IT HAD ALWAYS BEEN THE US POSITION THAT THE MINISTERIAL AGENDA SHOULD BE BROADENED BEYOND DEBT. WE MGITH AS WELL USE THE MINISTERIAL TO TREAT OTHER ISSUES IN A WAY THAT IS IN THE INTEREST OF THE US AND VENEZUELA AS WELL AS OTHER DEVELOPED AND DEVELOPING COUNTRIES.

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INFO USEC BRUSSELS PRIORITY 187
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USUN REPEAT TO AMBASSADOR WELLS.

22. IN RECENT DISCUSSION WITHIN THE UNITED STATES GOVERNMENT, FRANK SAID, WE HAVE BEEN THINKING THAT THE UNCTAD OFFICIALS MEETING SEPTEMBER 5-9 SHOULD NOT SET A FINAL AGENDA FOR THE JANUARY MINISTERIAL. WE PROBABLY OUGHT TO WAIT FOR THE DISCUSSION OF CIEC FOLLOW-UP IN COMMITTEE TWO OF THE 32ND GENERAL ASSEMBLY BEFORE MAKING FINAL DECISIONS ON THE AGENDA. OUR

PRELIMINARY THINKING, HOWEVER, WAS THAT THE MINISTERIAL MIGHT FOCUS ON THREE MAIN ISSUES --DEBT, REGIONAL ECONOMIC COOPERATION, AND COMMODITIES --AS WELL AS SOME OTHER ISSUES, SUCH AS THE PROBLEMS OF THE LEAST DEVELOPED. IF THE 32ND UNGA ASSIGNED OTHER TASKS TO UNCTAD, THESE MIGHT BE ADDED TO THE MINISTERIAL AGENDA.

23. PEREZ-GUERRERO SEEMED RELIEVED THAT WE WERE NOT PROPOSING TO DUCK COMPLETELY THE DEBT ISSUE AT UNCTAD AND INDICATED THEY COULD GENERALLY SUPPORT OUR VIEWS

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ON THE MINISTERIAL AGENDA. HE AND FIGUEREDO EMPHASIZED, HOWEVER, THE NEED FOR ECONOMIC ASSISTANCE TO REGIONAL ECONOMIC INSTITUTIONS SUCH AS THE ANDEAN DEVELOPMENT CORPORATION (CORPORACION ANDINO DE FOMENTO) AND ASKED ABOUT POSSIBILITIES FOR U.S. BILATERAL ASSISTANCE. FRANK SAID THAT POSSIBILITIES OF SOME COOPERATION BETWEEN AID AND CAF COULD BE EXAMINED, BUT THE INTERNATIONAL FINANCIAL INSTITUTIONS WOULD BE A BETTER SOURCE OF FINANCE FOR LARGE REGIONAL DEVELOPMENT PROJECTS.

24. PEREZ GUERRERO ASKED IF WE WERE PLEASED WITH THE RESULTS OF ECOSOC ON THE ILLICIT PAYMENTS ISSUE. FRANK SAID THAT WE HAD HOPED TO GET A RESOLUTION ON A 1978 DATE FOR A NEGOTIATING CONFERENCE, BUT WE RECOGNIZED THAT WE PROBABLY ACHIEVED ALL THAT WE COULD REALISTICALLY EXPECT OUT OF THE SUMMER ECOSOC. PEREZ GUERRERO ASKED WHETHER WE HAD GOTTEN TO THE MEXICANS. FIGUEREDO SAID GOVE HAD TRIED TO GET PARAGRAPH SUPPORTING ILLICIT PAYMENTS INTO COMMUNIEUQ AT BOGOTA MEETING OF HEADS OF STATE AUGUST 5-6, BUT WAS UNSUCCESSFUL BECAUSE OF MEXICAN OPPOSITION. FRANK POINTED OUT THAT WHILE MEXICANS HAD BEEN UNCO-OPERATIVE INITIALLY, THEY HAD PROVED TO BE QUITE HELPFUL TOWARD END OF ECOSOC MEETING IN GENEVA. MEXICO IS TRYING TO USE THEIR SUPPORT OF ILLICIT PAYMENTS AS A BARGAINING CHIP TO GAIN OUR SUPPORT OF A CODE OF CONDUCT FOR TRANSNATIONAL CORPORATIONS. FRANK VOLUNTEERED THAT USG NOW LEANING TOWARD A BROAD TNC CODE AS UMBRELLA AGREEMENT WITH ACTIONS ON ILLICIT PAYMENTS TECHNOLOGY TRANSFER, RESTRICTIVE BUSINESS PRACTICES, TAX TREATMENT, ETC. PARTS OF AGREEMENT COULD BE MANDATORY AND OTHER PARTS VOLUNTARY, DEPENDING

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ON WHAT GOVERNMENTS COULD AGREE TO. VENEZUELANS THOUGHT THIS SEEMED LIKE A REASONABLE APPROACH TO THE CODE ISSUE.

25. PEREZ GUERRERO AND FIGUEREDO RAISED THE ISSUE OF THE DECLINE OF THE VALUE OF THE U.S. DOLLAR, AND SAID THAT OIL PRODUCERS WERE BECOMING CONCERNED ABOUT THE EROSION OF THE PURCHASING POWER OF THEIR OIL EARNINGS BECAUSE OF DECLINES IN THE VALUE OF THE DOLLAR. FRANK ASKED WHETHER THE OPEC COUNTRIES INTENDED TO USE THE DECLINE IN THE VALUE OF THE DOLLAR AS AN EXCUSE FOR A PRICE INCREASE IN DECEMBER. THIS EVOKED LITTLE MORE THAN A SMILE ON THE FACES OF THE TWO VENEZUELANS. COMMENT: PERHAPS WE OUGHT TO TAKE A LOOK NOW AT THE MACRO-ECONOMIC EFFECTS ON THE GLOBAL ECONOMY OF VARIOUS POSSIBLE OIL PRICE INCREASES IF IT IS NOT BEING DONE ALREADY. WE MIGHT ALSO EXAMINE JUST HOW MUCH OF AN INCREASE THE OPEC COUNTRIES COULD CONCEIVABLY JUSTIFY ON THE BASIS OF THE DECLINE IN THE VALUE OF THE U.S. DOLLAR.
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TAGS: EGEN, VE, UN, ECOSOC
To: STATE
Type: TE
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